



CITY OF GRAND RAPIDS

November 8, 2016

The Honorable Arlan Meekhof, Majority Leader
The Honorable Kevin Cotter, Speaker
The Honorable Jim Ananich, Minority Leader
The Honorable Tim Greimel, Minority Leader

RE: Senate Bill 1127
Universal Withholding for 22 Michigan Municipalities Imposing Income Tax

Dear Legislative Leaders:

Thank you in advance for considering Senate Bill 1127 – legislation to augment city income tax collections for all 22 Michigan municipalities that impose such a levy. Specifically, the simple change to the City Income Tax Act (*Public Act 284 of 1964*) that this measure seeks is *universal withholding* – a requirement for an employer with 10 or more employees and a gross annual payroll of more than \$500,000 to withhold city income taxes for the municipality where an affected employee lives.

Withholding is the most effective mechanism for all income tax payments. Data shows federal and state income tax payments at 98 percent compliance because the law requires employers to withhold and remit those governments their respective levies.

That's why the Michigan Department of Treasury and virtually all the mayors, managers and chief financial officers of the 22 cities agree that "universal withholding" will ease compliance for taxpayers, improve each respective jurisdiction's collection of this vital revenue stream and help support policing, fire protection and other essential services.

It is important to emphasize, too, that, while Senate Bill 1127 would bolster municipal income tax collections, it would not increase city income tax rates. Rather, the legislation only seeks to collect money owed by residents who benefit from their respective city's services. Having a "universal withholding" will also help the residents that find it difficult to make quarterly estimated payments and allow them to have the peace of mind of having it taken directly by their employers.

The City of Grand Rapids supports Senate Bill 1127 and respectfully ask that you advance this bill through the legislative process.

Warm Regards,

A handwritten signature in blue ink, appearing to read "Eric DeLong", is written over the "Warm Regards," text.

Eric DeLong
Deputy City Manager
City of Grand Rapids
300 Monroe Ave NW
Grand Rapids MI 49503

cc: Members of the House and Senate Local Government Committees
Members of the House and Senate Government Operations Committees
Members of the House Tax Policy Committee
Members of the Senate Finance Committee

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